



SOUTHERN CALIFORNIA  
**EDISON**

An EDISON INTERNATIONAL Company

September 30, 2004

California Energy Commission  
Docket Office  
**Re: Docket No. 04-IEP-01**  
**Docket Unit, MS-4**  
1516 Ninth Street  
Sacramento, CA 95814-5512

Dear Commission:

Re: Southern California Edison's Comments on the Integrated Energy Policy Report Committee's (Committee) Workshop on Electricity Demand Forecast and Retail Price Requirements

Southern California Edison (SCE) would like to take this opportunity to provide comments on the Integrated Energy Policy Report Committee's (Committee) Workshop on Electricity Demand Forecast and Retail Price Requirements.

In general, there were several issues raised at the workshop, and a number of more technical issues regarding the forms and instructions, that should be resolved in order to facilitate SCE's participation in this proceeding.

General Comments:

- Some of the staff requirements request information and forecasts that are currently not prepared nor have they been anticipated. For this reason, it seems prudent for the Committee to direct the establishment of a working group. The purpose of the working group is to develop a working understanding of the information available, and then present that understanding to the Committee. If the Committee desires to direct additional efforts, it could do so with an understanding of the forecasting limitations.
- SCE suggests that, when publicly releasing hourly load data, the CEC adhere to the disclosure rule used by the Department of Energy, Energy Information Agency (EIA). (The rule referred to as the "[n, k] rule" is described in the Disclosure Limitation Methodology – Work Paper 22, May 1994.) The EIA, in instances where there are entities or fewer, and the largest entity accounts for over 50 percent of the volume, a higher level of aggregation is appropriate. Applying the EIA criteria suggests that the CEC publish hourly load data at the statewide level as opposed to the smaller congestion zone. North Zone 15 and South Zone 15 both include fewer than ten distribution companies and are dominated by a single large company. Congestion Zone 26 has two entities and is dominated by the larger of the two.

Provision of hourly data below the state-wide level would compromise the procurement plans of all the major Load Serving Entities.

- At the workshop, Commissioner Geesman emphatically stated that the California Energy Commission (CEC) was not bound by the confidentiality agreement SCE currently has in place with the California Public Utilities Commission. SCE recommends that this issue of data confidentiality be explored among all participants and resolved.
- Although it does not appear to be specifically stated in the General Instructions for Demand Forecast Submittals, during the workshop Commission Staff indicated that 8760 load shapes would be required for energy efficiency programs in addition to 8760 load shapes being requested for the sales forecasts. SCE does not currently have the data necessary to generate forecasts for its energy efficiency programs on an 8760 basis. None of the statewide measurement and evaluation projects currently underway will produce that level of data between now and the Commission's expected filing dates. The data that are currently available limit SCE to forecasting energy efficiency on a seasonal (summer/winter) time-of-use (on/mid/off peak) basis. Seasonal TOU was the level of resolution used in SCE's 2004 Long-Term Procurement Plan. SCE can only produce results on an 8760 basis by allocating our TOU forecast to 8760 algorithmically. Although it is possible to perform this allocation, it represents false precision and should be recognized as such. Therefore, SCE recommends that the Commission accept energy efficiency impacts at a level of resolution that can be substantiated with existing data.
- In accordance with D. 04-01-040 issued January 22, 2004, and to maintain consistency with CPUC's September 23, 2004 decision on *Energy Saving Goals for Program Year 2006 and Beyond* which express energy efficiency goals by utility service territories, SCE will include the expected energy savings from non-utility programs that operate in their service territories. Those energy savings will be included within the appropriate categories as further defined by within the protocols for submitting energy efficiency impacts.

Specific Comments:

- Page 5, Item 5 of the Staff Proposal: It states in part "committed conservation programs are those programs included in the 2006-2008 program plans approved in the CPUC Energy Efficiency Rulemaking Proceeding (R.01-08-28)." In view of the fact that it is the stated purpose of the 2005 IEPR to provide a reference in the California Public Utilities Commission (CPUC) 2006 procurement plan proceeding, SCE believes that additional clarification of "committed" and "uncommitted" energy efficiency is needed to align the two Commissions' definitions. In the 1990's, the definitions proposed by CEC staff were appropriate. However, in the intervening years, AB 1890 which established public goods charges (PGC) for energy efficiency and AB 995 which extended PGC funding for energy efficiency have modified the previous interpretation of "committed" energy efficiency.

In SCE's filing in the 2003 Long-Term Resource Plan, SCE took the position that the assured level of PGC funding provided by AB 995 warranted the inclusion of all PGC funded energy efficiency as "committed," and in fact the CPUC accepted SCE's forecasts as submitted – the definition of "committed" energy efficiency as all public goods funded program activity through 2024. In its most recent filing based on direction from the CPUC, SCE submitted a revised forecast through 2014 in its 2004 Long-Term Procurement Plan. Again, SCE placed all PGC funded energy efficiency programs in the "committed" category of energy efficiency. SCE also added two years (2004-2005) of "procurement funded" energy efficiency into the "committed" forecast of energy efficiency. On September 23, 2004, the CPUC approved an *Interim Opinion: Energy Savings Goals for Program Year 2006 and Beyond*. With this decision, the Commission adopted savings goals for the PY2006-PY2008 program cycle. This action effectively moves three years of energy efficiency impacts from the "uncommitted" to the "committed" category. SCE continues to contend that the future energy efficiency impacts financed by approved PGC funds should continue to be reported as "committed" energy efficiency impacts.

- Page 5, Item 5 of the Staff Proposal: It states in part "Impacts from committed nondispatchable programs should be included in the demand forecast, e.g., load reductions at on-peak hours subtracted from the 'base' forecast and load building or load shifting in off-peak hours added to the 'base' forecast." SCE agrees that historical impacts of nondispatchable programs be included in the "base" forecasts. However, SCE recommends that future impacts of nondispatchable demand response program be reported on Form 3.4.
- Page 10, Item 3 of the Staff Proposal: It states that "IOU's should reports by the current CPUC reporting categories:
  - Residential Retrofit
  - Residential New Construction
  - Non residential Retrofit
  - Non residential New Construction
  - Cross-Cutting
  - IOU Local programs
  - IOU Partnership Programs"

SCE has made a substantial investment in the development of energy efficiency forecasts using market-based market segments that contain minor differences from the categories recommended by staff. Redistributing forecasted energy impacts into the categories recommend by staff could only be done by allocation process and would not provide significant advantages over the program categories used. In fact, it would likely damage the accuracy and integrity of the forecasts. SCE is particularly concerned about the load shapes and cost effectiveness ratios associated with the forecasts along with the redistribution of administrative, incentives, and participations costs. Therefore, SCE recommends that SCE be permitted to submit forecasts in the following categories:

- Residential Retrofit
- Commercial Retrofit
- Industrial Retrofit
- Residential New Construction
- Commercial New Construction
- Industrial New Construction
- Low Income

SCE's recommended approach captures the same measures and associated savings as staff's approach, but does so in a way that retains the accuracy and integrity of the forecasted results.

- Form 1.1: The data requested in the "Water Pumping" and "TCU" columns will be incorporated into other requested columns' data on the table .
- Form 1.4: SCE can only provide data for the "Residential-Base Load," "Residential-Weather Sensitive," and "Total Peak" columns.
- Form 1.5: SCE can only provide data for the "Bundled Customer Peak," "Direct Access-End User Peak Demand," and "Total Peak Demand" columns.
- Form 1.6: The data provided on this form must be treated as confidential data.
- Form 1.8: SCE does not have the data to complete the "1-in-20 Temperatures" column.
- Forms 2.1 and 2.2: SCE does not have the data to complete the "Taxable Sales" column. Both of these tables must be treated as proprietary data.

If you have any questions regarding these comments, please call me at (916) 441-2369.

Sincerely,

Manuel Alvarez

cc: Commissioner John L. Geesman  
Commissioner James D. Boyd  
Lynn Marshall  
Ruben Tavares